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Lawyer for Rewald Must Stay on Case, Federal Judge Says

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A federal judge yesterday said that Ronald Rewald's civil attorney cannot withdraw from representing Rewald even though the attorney has not been paid.

Robert Smith said he wants to withdraw as Rewald's counsel because he cannot afford to continue representing him in his complicated case without being paid. Smith has said Rewald owes him about \$150,000.

But attorneys for Rewald's bankrupt company, Bishop, Baldwin, Rewald, Dillingham & Wong, think Smith's attempted withdrawal is a tactic designed to delay a July 26 hearing concerning whether Rewald's frozen personal assets should be turned over to the bankrupt estate.

Bankruptcy administrator Thomas Hayes has said that all of the assets, which include Rewald's house, cars, artwork and other items, were bought with investors' money.

HAYES WOULD not say how much money would be raised for the creditors should the assets be turned over and eventually sold. But it is expected to be less than \$2 million. According to bankruptcy records, investors are owed about \$12 million.

All of Rewald's assets were frozen by a court order shortly after his company collapsed last August.

Smith began representing Rewald, even though he knew Rewald had no money to pay him. Smith filed law suits on behalf

of Rewald, including a \$671 million suit against the CIA, while he also represented Rewald in a Securities and Exchange Commission case and the bankruptcy action.

An investigator, also unpaid, spent hundreds of hours pouring over company records in an attempt to bolster Rewald's claims that the company was a CIA front and that all of Rewald's personal assets were not bought with investors' money. The investigator also is no longer working on the case.

U.S. Judge Martin Pence yesterday told Smith that he could not withdraw from the case.

Referring to the pending assets motion, Pence said Smith's request comes at a time when important decisions are about to be made by the court.

"THE COURT, in all justice, cannot allow him to put (the case) down now," Pence said.

Attorneys involved in the bankruptcy believe Smith's action was a tactic designed to delay the case. If Smith was allowed to pull out, another attorney, with no background of the case, would have to be assigned. It would take the new attorney months to prepare for court hearings that were scheduled long ago.

Smith would not comment on his actions as he left the court.

Rewald, who is on the Mainland, has said he understands Smith's reasons for wanting to pull out of the case and vowed that he would eventually pay Smith the money he owes him for legal fees.